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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarter ended: March 31, 1992

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from _____ to _____

Commission file number 0 - 14874.

BEST COPY AVAILABLE

STATE BANCORP, INC.
(Exact name of registrant as specified in its charter)

NEW YORK	11 - 2846511
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
699 Hillside Avenue, New Hyde Park, N.Y.	11040
(Address of principal executive offices)	(Zip Code)

(516) 437-1000
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 2,769,022 shares of common stock outstanding as of April 30, 1992.

STATE BANCORP, INC.

FORM 10-Q

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ITEM 1 – FINANCIAL STATEMENTS

STATE BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
MARCH 31, 1992 AND DECEMBER 31, 1991 (UNAUDITED)

	1992	1991
ASSETS:		
CASH & DUE FROM BANKS	$8,515,421	$7,069,155
INVESTMENT SECURITIES (APPROXIMATE MARKET VALUE – $122,566,012 IN 1992 AND $79,831,372 IN 1991)	121,880,670	76,017,837
FEDERAL FUNDS SOLD AND SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL	33,900,000	6,800,000
LOANS – NET	195,607,697	192,935,904
BANK PREMISES AND EQUIPMENT – NET	1,997,161	1,375,038
OTHER ASSETS	8,899,727	4,940,933
TOTAL ASSETS	$370,800,676	$289,138,867
LIABILITIES:		
DEPOSITS:		
DEMAND	$32,290,119	$31,275,207
SAVINGS	161,799,435	85,470,235
TIME	147,010,667	125,198,572
TOTAL DEPOSITS	341,100,221	241,944,014
FEDERAL FUNDS PURCHASED		18,000,000
ACCRUED EXPENSES, TAXES AND OTHER LIABILITIES	611,566	743,703
TOTAL LIABILITIES	341,711,787	260,687,717
STOCKHOLDERS' EQUITY:		
COMMON STOCK, $5.00 PAR VALUE, ISSUED 2,769,022 IN EACH OF 1992 AND 1991	13,845,110	13,845,110
SURPLUS	7,729,990	7,729,990
RETAINED EARNINGS	7,513,789	6,876,050
TOTAL STOCKHOLDERS' EQUITY	29,088,889	28,451,150
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$370,800,676	$289,138,867

ITEM 1 – FINANCIAL STATEMENTS (CONTINUED)

STATE BANCORP, INC. AND SUBSIDIARY
STATEMENTS OF CONSOLIDATED EARNINGS
FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991 (UNAUDITED)

	THREE MONTHS	
	1992	1991
INTEREST INCOME:		
LOANS AND LEASE FINANCINGS	$4,067,044	$4,716,236
FEDERAL FUNDS SOLD AND SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL	194,171	194,341
INVESTMENT SECURITIES:		
U.S. TREASURY SECURITIES	787,331	1,038,741
STATES AND POLITICAL SUBDIVISIONS	222,664	635,365
MORTGAGE–BACKED SECURITIES	463,529	7,683
OTHER	3,259	5,842
TOTAL INTEREST INCOME	5,737,998	6,598,208
INTEREST EXPENSE:		
TIME CDs OF $100,000 OR MORE	632,751	1,615,534
OTHER DEPOSITS AND TEMPORARY BORROWINGS	2,304,418	2,450,369
TOTAL INTEREST EXPENSE	2,937,169	4,065,903
NET INTEREST INCOME	2,800,829	2,532,305
PROVISION FOR POSSIBLE CREDIT LOSSES	775,000	225,000
NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE CREDIT LOSSES	2,025,829	2,307,305
OTHER INCOME:		
SERVICE CHARGES ON DEPOSIT ACCOUNTS	112,008	84,499
NET SECURITY GAINS	801,123	84,385
OTHER OPERATING INCOME	47,282	26,547
TOTAL OTHER INCOME	960,413	195,431
INCOME BEFORE OPERATING EXPENSES	2,986,242	2,502,736
OPERATING EXPENSES:		
SALARIES AND OTHER EMPLOYEE BENEFITS	1,091,470	936,620
OCCUPANCY	187,570	176,872
EQUIPMENT	153,166	101,316
DEPOSIT ASSESSMENT FEES	140,206	115,033
OTHER OPERATING EXPENSES	486,452	450,944
TOTAL OPERATING EXPENSES	2,058,864	1,782,785
INCOME BEFORE INCOME TAXES	927,378	719,951
PROVISION FOR INCOME TAXES	289,639	83,018
NET INCOME	$637,739	$636,933
EARNINGS PER COMMON SHARE	$0.23	$0.23
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	2,769,022	2,769,022

STATE BANCORP, INC. AND SUBSIDIARY
STATEMENTS OF CONSOLIDATED CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991 (UNAUDITED)

	1992	1991
OPERATING ACTIVITIES:		
NET INCOME	$637,739	$636,933
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
PROVISION FOR POSSIBLE CREDIT LOSSES	775,000	225,000
DEPRECIATION AND AMORTIZATION	130,437	83,243
ACCRETION OF NET DISCOUNT ON INVESTMENT SECURITIES	(28,055)	(607,365)
NET SECURITIES GAINS	(801,123)	(84,385)
NET GAIN ON SALE OF BANK PREMISES & EQUIPMENT	(1,100)	
INCREASE IN OTHER ASSETS	(3,958,794)	(1,047,123)
(DECREASE)/INCREASE IN ACCRUED EXPENSES, TAXES & OTHER LIABILITIES	(132,137)	20,606
NET CASH USED BY OPERATING ACTIVITIES	(3,378,033)	(773,091)
INVESTING ACTIVITIES:		
PROCEEDS FROM SALES OF INVESTMENT SECURITIES	21,912,312	18,435,192
PROCEEDS FROM MATURITIES OF INVESTMENT SECURITIES	1,054,290	2,433,933
PURCHASES OF INVESTMENT SECURITIES	(68,000,257)	(76,278,091)
(INCREASE)/DECREASE IN FEDERAL FUNDS SOLD AND SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL	(27,100,000)	15,550,000
INCREASE IN LOANS – NET	(3,446,793)	(5,692,147)
PURCHASES OF BANK PREMISES & EQUIPMENT	(758,960)	(52,766)
PROCEEDS FROM SALE OF BANK PREMISES & EQUIPMENT	7,500	2,353
NET CASH USED IN INVESTING ACTIVITIES	(76,331,908)	(45,601,526)
FINANCING ACTIVITIES:		
INCREASE IN DEMAND & SAVINGS DEPOSITS	77,344,112	11,652,018
INCREASE IN TIME DEPOSITS	21,812,095	2,395,964
(DECREASE)/INCREASE IN FEDERAL FUNDS PURCHASED	(18,000,000)	15,000,000
INCREASE IN OTHER SHORT-TERM BORROWED FUNDS	0	14,350,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	81,156,207	43,397,982
NET INCREASE / (DECREASE) IN CASH & DUE FROM BANKS	1,446,266	(2,976,635)
CASH & DUE FROM BANKS – JANUARY 1	7,069,155	7,896,528
CASH & DUE FROM BANKS – MARCH 31	$8,515,421	$4,919,893
SUPPLEMENTAL DISCLOSURES:		
INTEREST PAID	$2,886,250	$4,004,274
TAXES PAID	$214,169	$151,819

STATE BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991 (UNAUDITED)

	COMMON STOCK	SURPLUS	RETAINED EARNINGS	TOTAL
BALANCE, JANUARY 1, 1992	$13,845,110	$7,729,990	$6,876,050	$28,451,150
NET INCOME			637,739	637,739
BALANCE, MARCH 31, 1992	$13,845,110	$7,729,990	$7,513,789	$29,088,889
BALANCE, JANUARY 1, 1991	$12,586,465	$5,779,090	$7,770,287	$26,135,842
NET INCOME			636,933	636,933
BALANCE, MARCH 31, 1991	$12,586,465	$5,779,090	$8,407,220	$26,772,775

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL STATEMENT PRESENTATION

In the opinion of the management of State Bancorp, Inc. (the "Company"), the preceding unaudited consolidated financial statements contain all adjustments, consisting of normal accruals, necessary for a fair presentation of its financial condition as of March 31, 1992 and December 31, 1991 and its results of operations and changes in cash flows and stockholders' equity for the three months ended March 31, 1992 and 1991. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K.

STOCKHOLDERS' EQUITY

Common shares issued have been adjusted to reflect a 10% stock dividend issued on July 12, 1991.

EARNINGS PER SHARE

Earnings per share are computed based on the weighted average number of common shares outstanding after giving retroactive effect to stock dividends and splits.

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

1. **Material changes in financial condition** - As of March 31, 1992, the Company's total assets were $370,801,000, an increase of 28.2% when compared to December 31, 1991. Growth in the investment securities portfolio of $45,863,000 or 60.3%, principally U. S. Government obligations and mortgage-backed issues in the 2 - 5 year maturity range, along with a higher level of short-term money market instruments (up $27,100,000) accounted for much of the increase in assets. Due to the continued sluggishness affecting the Long Island economy, the Company's loan portfolio expanded by only $3,447,000 or 1.8% during the first quarter of 1992, significantly less than growth experienced during the past two years. Funding the expansion in assets was growth in all deposit categories, principally core savings products, which were up $76,329,000, due to the acquisition of two branches ($94,600,000 in total deposits) in the Company's Long Island marketplace. Management of the Company anticipates that the short-term asset liquidity arising from the acquisition will be invested in longer-term investment securities and loans by the end of the second quarter.

   Average total assets for the first quarter of 1992 were $315,766,000, up $6.5% versus the comparable 1991 period due to a $19,538,000 or 10.9% increase in average total loans. A $7,537,000 increase in Federal funds sold and securities purchased under agreements to resell was offset by a $7,565,000 decline in investment securities resulting from a restructuring of the portfolio in 1992. An increase in Federal funds purchased and securities sold under agreements to repurchase (up $13,095,000) was largely responsible for funding the increase in assets as total deposits expanded by only 1.5% on a year-to-year basis. Comparisons of subsequent 1992 quarters versus comparable 1991 periods will show asset growth supported by higher levels of deposits resulting from the aforementioned branches purchased.

   The Company's liquidity position is positive, though not excessive, as approximately 60% of earning assets are due to mature or reprice within one year. Further detail on the Company's liquidity and interest-sensitivity position may be obtained from Table 2-1 that follows this analysis. In addition, the Company maintains $21,000,000 in available unsecured lines of credit with correspondent banks.

Despite the branch purchases previously discussed and the resultant increase in assets of approximately 33%, the Company's capital adequacy ratios continue to be well in excess of regulatory guidelines. The following table summarizes the Company's March 31, 1992 capital ratios and compares them to regulatory requirements at the date:

At March 31, 1992	State Bancorp, Inc.	Regulatory Minimum
Tangible Tier I Leverage Ratio	6.96%	3.00% 1)
Tier I Capital/Risk-Adjusted Assets	11.53%	3.625% 2)
Total Capital/Risk-Adjusted Assets	13.03%	7.25% 2)

1) Ratio shown is the minimum applicable to banks and bank holding companies with the highest supervisory rating. All other institutions must maintain a minimum ratio of 4.00% - 5.00%.
2) The minimum ratios required will increase to 4% and 8% for Tier I and Total Capital/Risk-Adjusted Assets, respectively, on December 31, 1992.

2. **Material changes in results of operations** - For the three months ended March 31, 1992, net income amounted to $637,739, a 0.1% increase over the comparable 1991 period. Net interest income advanced by 10.6% due to a $19,500,000 or 6.8% increase in average interest-earning assets, principally loans. Additionally, other income improved by $765,000 due to a substantial increase in net security gains realized in connection with the restructuring of the Company's investment portfolio discussed previously. These positive factors were offset by a $550,000 increase in the provision for credit losses during the first quarter of 1992 coupled with higher operating expenses and an increased effective tax rate.

The higher credit loss provision was due to an increase in nonperforming assets during the first quarter of 1992. Management of the Company considers the March 31, 1992 allowance for credit losses balance to be adequate based upon its belief that the great majority of nonperforming assets are well collateralized. A further review of the Company's nonperforming assets may be found in Table 2-2 following this analysis. The increase in operating expenses resulted from additions to staff, increases in the cost of employee health care, higher FDIC insurance premiums and increased depreciation expense related to the Company's recent expansion of its in-house data center. The Company's effective tax rate increased from 11.5% in 1991 to 31.2% in 1992 due to the aforementioned security gains which were taxed at a combined Federal and state marginal rate of 41.8%.

ITEM 2 - TABLE 2-1

STATE BANCORP, INC.
INTEREST SENSITIVITY ANALYSIS
AS OF MARCH 31, 1992

(IN THOUSANDS)

	SENSITIVITY TIME HORIZON						
	Immediately Repriceable and Over 1-30 Days	2 Months thru 6 Months	6 Months thru 12 Months	1 Year Thru 2 Years	2 Year Thru 5 Years	OVER 5 YRS & Noninterest Sensitive	TOTAL
ASSETS:							
- LOANS (NET OF UNEARNED DISCOUNT)							
FLOATING	$111,894	$1,840	$2,804	$0	$578	$0	$116,914
FIXED	8,771	8,995	3,711	0	37,462	16,007	72,948
NONACCRUAL	0	0	0	0	0	9,563	9,563
TOTAL LOANS	120,665	8,836	6,515	0	38,038	25,570	199,423
- FED FUNDS SOLD & S.P.U.A.R.	33,900	0	0	0	0	0	33,900
- INVESTMENT SECURITIES							
U.S. GOVERNMENT	0	0	0	16,482	36,274	14,162	66,918
MUNICIPAL	350	16,648	2,392	40	40	583	20,025
MORTGAGE-BACKED AND OTHER	0	0	0	0	0	34,938	34,938
TOTAL INVESTMENT SECURITIES	350	16,840	2,392	16,522	36,314	49,683	121,881
TOTAL INT. SENSITIVE ASSETS	154,915	25,275	8,907	16,522	74,352	75,253	355,204
- ALL OTHER ASSETS(NET OF ALLOWANCE)	0	0	0	0	0	15,597	15,597
TOTAL ASSETS	$154,915	$25,275	$8,907	$16,522	$74,352	$90,850	$370,801
LIABILITIES:							
- SAVINGS DEPOSITS AND N.O.W. ACCOUNTS	$98,866	0	0	0	0	0	98,866
- C / D'S UNDER $100M	29,540	47,878	11,543	0	15,888	0	103,849
- C / D'S OVER $100M	17,133	20,378	2,849	0	3,204	0	43,362
- MONEY FUND ACCOUNTS	64,933	0	0	0	0	0	64,933
- BORROWED FUNDS	0	0	0	0	0	0	0
TOTAL INT. SENSITIVE LIABILITIES	207,472	68,254	14,192	0	18,892	0	308,810
- ALL OTHER LIABILITIES, EQUITY, & DDA	0	0	0	0	0	61,991	61,991
TOTAL LIABILITIES & EQUITY	$207,472	$68,254	$14,192	$0	$18,892	$61,991	370,801
NET SENSITIVITY GAP	($52,557)	($42,979)	($5,285)	$16,522	$55,460	$28,839	$0
CUMULATIVE SENSITIVITY GAP	X	($95,536)	($100,821)	($84,299)	($28,839)	$0	$0
CUMULATIVE INT. SENSITIVITY RATIO	74.7 %	85.4 %	95.2 %	79.8 %	90.7 %	100.0 %	100.0 %

TABLE 2 – 2

STATE BANCORP, INC.
ANALYSIS OF NONPERFORMING ASSETS AND THE ALLOWANCE FOR CREDIT LOSSES
MARCH 31, 1992 VERSUS DECEMBER 31, 1991 AND MARCH 31, 1991

(DOLLARS IN THOUSANDS)

	PERIOD ENDED:		
NONPERFORMING ASSETS BY TYPE	3/31/92	12/31/91	3/31/91
NONACCRUAL	$9,563	$5,784	$2,960
90 DAYS OR MORE PAST DUE	4,252	5,518	3,381
RESTRUCTURED	212	97	109
OTHER REAL ESTATE OWNED	0	275	215
TOTAL NONPERFORMING ASSETS	$14,027	$11,674	$6,665

	QUARTER ENDED:		
ANALYSIS OF THE ALLOWANCE FOR CREDIT LOSSES	3/31/92	12/31/91	3/31/91
BEGINNING BALANCE	$3,039	$2,568	$1,881
ADD: PROVISION	775	1,050	225
LESS: NET CHARGE–OFFS/(RECOVERIES)	(1)	579	(2)
ENDING BALANCE	$3,815	$3,039	$2,108
ALLOWANCE FOR CREDIT LOSSES AS A % OF PERIOD – END:			
TOTAL LOANS	1.91%	1.55%	1.16%
NONACCRUAL LOANS	39.89%	52.54%	71.22%
NONPERFORMING ASSETS	27.20%	26.03%	31.63%

Part II

Item 6 - Exhibits and Reports on Form 8-K

On February 19, 1992, the Company filed a report on Form 8-K indicating that on February 13, 1992, its principal subsidiary, State Bank of Long Island, had signed an agreement to purchase a banking office and approximately $25 million in deposits from the Dime Savings Bank of Williamsburgh. Subject to regulatory approval, State Bank of Long Island will assume control of the branch located in Huntington, N.Y. during the second quarter of 1992.

On March 20, 1992, the Company filed a report on Form 8-K indicating that as of the same date, its principal subsidiary, State Bank of Long Island, had signed an agreement to purchase a banking office and approximately $17 million in deposits from the North Side Savings Bank. Subject to regulatory approval, State Bank of Long Island will assume control of the branch located in Garden City, N.Y. during the second quarter of 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

STATE BANCORP, INC.

5/13/92
Date

Daniel T. Rowe, Secretary
(Principal Financial Officer)

5/13/92
Date

Brian K. Finneran, Comptroller